

OFFICE OF THE DIRECTOR

Date: 2 June 1987

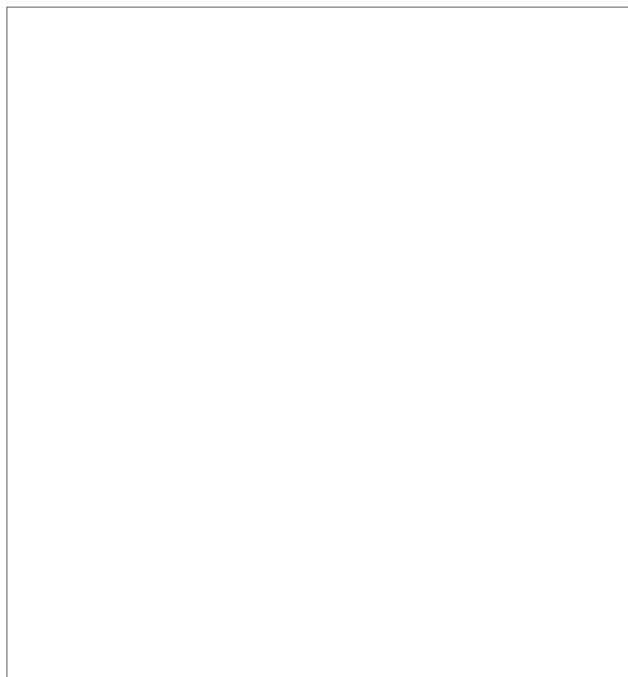
TO: DCI
FROM:
SUBJECT: In Search of Excellence

REMARKS:

Director Casey launched a program "in search of excellence" which produced dozens of examples like those contained herein.

His efforts got very mixed reviews for a number of reasons, many related to our culture. I worked closely with him on his excellence campaign and chaired the task force that launched it, so I am a supporter, but also understand why all were not.

If you would like to see some of the initiatives that came out of the excellence program, I will retrieve them from the files.



ACTION

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
May 26, 1987

MEMORANDUM TO MEMBERS OF THE CABINET

FROM: James A. Miller III
Director

SUBJECT: Examples of Management Reform Initiatives

As you will recall, during the Cabinet meeting of March 24th (on the subject of improving the management of the Federal government), the President indicated the desirability of compiling a list of examples of management initiatives taken by the agencies.

Attached is such a list. I think you will find it useful for the purpose of explaining the progress made by the Administration, but also a source of ideas which you may wish to employ in your own agencies.

Following Secretary Weinberger's lead, please feel free to share with us, and with others, additional progress you are making in the general area.

c: Selected agency heads.



DEPARTMENT OF TRANSPORTATION

- The transfer and lease of Washington National and Dulles International Airports to a regional authority, removes the Federal Government from operating commercial airports and frees the Government from providing \$700 million for future capital investments.
- On October 21, 1986 President Reagan signed the law authorizing a public offering of Conrail stock. The offering brought in \$1.6 billion and represents the largest Federal privatization in U.S. history.
- In 1982 the Federal Railroad Administration awarded a "zero dollar" contract to the Association of American Railroads for care, custody and control of the Transportation Test Center (TTC). The Federal Railroad Administration retains title to the Center, but the cost of operations is now paid by fees from those requesting services from the Center.

VETERANS ADMINISTRATION

- The VA expects to save \$500,000 a year by making all of its employees aware of new mail economy opportunities such as zip+4, presort and bulk discount programs.
- The new VA insurance system will provide faster access to insurance records and save \$760,000 in FY 1987 alone by reducing clerical intervention and the transactions rejected by the system.
- By aligning pay rates for wage grade employees in the Medical Center Building Management and Dietetics Services with local community rates, the VA expects to save \$1.6 million by FY 1992.
- By referring delinquent debt accounts to the IRS for collection against income tax refunds, the VA expects to collect \$50 million this year. Since 1985 it has referred over 32,000 delinquent accounts to the IRS.
- The VA is replacing 46,000 40-year old filing cabinets with a new files storage system. This will free up 174,000 feet of floor space and save \$40 million over a 20 year period.

NASA

- An employee's suggestion for a more economical lighting system for night shuttle landings saved NASA \$8 million.
- About 90 percent of NASA's \$9.5 billion budget is spent through procurements. A new agency-wide procurement system will replace nine current systems and improve customer service by 50%.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- A microcomputer program designed by an appraiser from Des Moines, Iowa will save HUD \$350,000 over a three year period by more accurately and quickly computing fair market rates.
- A suggestion from two employees in Fresno, California will save HUD half a million dollars a year. The Government Printing Office will now sell the few HUD forms which are very heavily used by banks and lending institutions rather than HUD distributing them free.
- In 1986, HUD employees reduced the time lost to sick leave by an average 4.3 hours per person, for a gain of over 53,000 productive hours.
- Two financial analysts in HUD's Boston office saved \$2.8 million dollars for two public housing projects through their plan for dividing two large projects into several smaller ones. This reduced the length of time over which interest was paid resulting in lower interest payments.
- A HUD employee, now retired, recommended a change to the Department's policy for paying debenture interest on Single Family Mortgage Insurance claims which resulted in a first year savings of \$6,695,042. He recommended that interest be paid from the date the mortgagee actually spent the funds included in the claim, rather than from the date of default on the mortgage.

OFFICE OF PERSONNEL MANAGEMENT

- OPM has established an automated network that maintains information on job applicants and processes applications and written tests. In addition to improving service it has saved 400 staff years since 1978.

- Using computer matching to cross check the civil service annuity roll against the benefit rolls of other agencies, OPM identified and terminated payments to 883 ineligible recipients. In FY 1986 this resulted in a savings of \$6.7 million.

- OPM has saved \$5.6 million annually by completing medical reviews of disability annuitants and discontinuing payments to those who are medically recovered.

- Over \$60 million was collected in 1986 through the implementation of an Accounting Control File system to control the collection of debts owed to the Civil Service Retirement System due to payments made after the death of the payees.

- Travel costs were reduced 20% from 1984 to 1986, saving \$1.5 million, by revising travel policy to limit blanket travel orders and closely link approval of travel to essential operations.

DEPARTMENT OF DEFENSE

- A proposal made by Mr. Roland Chapo, a civilian employee of the Air Force, will save the Military Services \$1.4 million per year. The savings result from printing technical manuals using a photo copy process versus the more costly process of negatives and metal plates.

- Inspector General representatives found that by not using first class mail and registered mail rates for unclassified pamphlets, the Defense Intelligence Agency could save up to \$135,000 a year.

- A Marine Corps civilian employee at Camp Lejeune recommended that a complete set of repair manuals not be bought with each commercial automobile, since the manuals were used for reference in automotive shops and shared by mechanics. His recommendation to purchase fewer manuals, applied to all DoD commercial vehicle purchases, saves \$1.2 million annually.

- A detailed analysis by a contract team from the Defense Contract Administration Services Region, Philadelphia, PA, resulted in a savings of \$525,000 and a 20 percent reduction in the cost of spare parts for a Navy sonar system.

- Steve A. Schroeder of the Naval Air Rework Facility in San Diego, CA, developed a single system to identify and categorize repairable items that are common to different systems. This has helped both the Navy and Air Force find better buys for their purchases and in the first year saved each Service \$14 million.

- In the Department of the Army, gas masks were previously shipped to using units with an expensive filter plug to maintain the mask's shape. A change to a more economical, reusable filter plug has saved the Army \$1.9 million.

DEPARTMENT OF EDUCATION

- By using third class mail instead of first class, the Department of Education saved \$140,000 on one mass mailing alone.

- By moving the Department of Education's payroll function to the Department of the Interior, the government will save \$75,000 each year.

- The Department of Education saved the equivalent of two full salaries by simply closing the Department's Printing and Reproduction Center.

- In FY 1987 alone, by the end of April, the Department saved \$40,076 by making improvements in its contract for moving services.

- In 1985, the government collected over \$20 million by offsetting salaries of Federal employees who had defaulted on their student loans.

- Also in 1985, 17,000 defaulted student loans were referred to the Justice Department for litigation. As a result, the government has collected more than \$20 million.

- In 1986, the government collected more than \$125 million from student assistance defaulters through the Internal Revenue Service refund offset program.

- Through the "Excess Property" Program, the Department of Education acquired computer equipment from USDA and saved \$1.45 million.

- By using software that another government agency had already developed, the Department of Education saved one year and \$750,000 in managing its grants program.

AGENCY FOR INTERNATIONAL DEVELOPMENT

- Through improved management of the vacancy rate in residential housing at its mission in Cairo, Egypt, AID has been able to reduce the number of residential leases by 20 for an annual savings of \$249,100.

- AID is moving its 160-member financial office to more space efficient, easily accessible quarters, saving \$585,000 annually.

- Through the establishment of a one-track recruitment system and increased automation, AID is saving approximately \$375,000 per year in the selection of its foreign service employees.

DEPARTMENT OF COMMERCE

- Previously only 8 percent of the applications for export licenses were processed in 20 days, and the cost of lost sales due to licensing delays was estimated to be \$3.5 million. The International Trade Administration has cut that delay by 75 percent and now processes 80 percent of the applications in 5 days.

- By Commerce eliminating its 6 payroll/personnel systems and sharing the Department of Agriculture's system, the government saves \$1.2 million per year.

- Commerce and Agriculture also consolidated their warehouse operations in two large cities, which will save \$4 million over the next three years.

UNITED STATES DEPARTMENT OF AGRICULTURE

- Three USDA employees (Ken Lini, Truman Harsha, and Mike Travers) developed and implemented a telecommunications system that will save \$2.4 million in the first year and may save millions in future years. The methodology will be expanded throughout the USDA.

- Clyde G. McShann II, Director of the USDA's National Finance Center, received the Presidential Management Award for cross-servicing other Federal agencies. The National Finance Center increased its services to other federal agencies, savings \$2.0 million and avoiding \$14 million in design costs for systems that would have duplicated the Center's systems.

- USDA has been able to reduce outstanding travel advances by \$6 million by implementing GSA's Travelers Charge Card Program.

- Through the efforts of Reynaldo Gonzalez, USDA agencies have been able to recover \$2.1 million of delinquent debts for 1987. This is a 60 percent increase in collections compared to the first year of the project, which uses IRS's tax refund offset program.

- Richard Guyer, saved the USDA \$11 million through verification of unemployment and workers' compensation claims and established a rehabilitation/rehire program which offers jobs to former employees who can return to work.

- In 1984, USDA assumed operations and maintenance responsibilities for its Headquarters complex from GSA. Under the direction of Richard C. Steele improvements have been made to the facilities, yet operational costs are only \$365,649 per month, \$65,071 less a month than when USDA assumed responsibility from GSA.

DEPARTMENT OF ENERGY

- To better serve the public the Department of Energy conducted a survey on ways to reduce paperwork requirements. As a result, two million burden hours between FY 1984 and FY 1986 were alleviated. This reduction represents a savings of \$120 million over three years.

- The Department of Energy's Richland Operations Office had previously relied on eight on-site contractors to support their mission. A study was initiated resulted in consolidating these efforts into three major maintenance and operating contracts. An estimated \$144 million of overhead will be saved in the next five years.

- The Department of Energy has consolidated three personnel systems and nine payroll systems into one Personnel/Payroll System. Savings from this consolidation have amounted to \$3 million and 30 full-time equivalent-positions. In addition, the Department provides payroll/personnel support to three smaller agencies.

- The Department of Energy has achieved three major savings in the area of cash management: (1) a lockbox arrangement has been implemented in the Southeastern Power Administration; (2) the Department designed a personal computer based networking system to enable the Treasury Department to implement the Letter of Credit Treasury Financial Communications System under costs and on time; and (3) implementation of a full-service Treasury Financial Communications System with the Bonneville Power Administration. These have resulted in \$22 million in interest savings for the taxpayer.

U.S. DEPARTMENT OF LABOR

- The Department has recently completed a space consolidation plan that will save \$3.5 million a year.

- Currently, the Department is coordinating with GSA on plans to move to a more cost-efficient building which will result in rent savings of \$1.1 million annually.

U. S. SMALL BUSINESS ADMINISTRATION

- All public requests for Agency management publications are now being filled through the Federal Prisons Industries at an annual savings of approximately \$120,000.
- The Agency's management films have been sold with all future film requests to be filled through the National Audio Visual Center. Savings are estimated at \$25,000 annually.
- Users of the Agency's Procurement Automated Source System (PASS) were formerly required to attend a formal training session on the system. The Agency has recently developed a computer disk based training system that can be used on the user's PC thereby eliminating a formal training session.

GENERAL SERVICES ADMINISTRATION

- The use of charge cards by over 240,000 Federal employees to pay for travel related expenses has reduced administrative processing costs by \$20 million.
- Consolidating Government-owned vehicles into an interagency fleet system has reduced operating and maintenance costs by \$7.2 million.
- Since 1984, GSA has reduced agency employment by 6,000; consolidated from five to two finance offices; and streamlined regional operations without disrupting services to client agencies.
- Overhead costs are being reduced 10-20 percent as Federal agencies work together by sharing common administrative support services. Agencies located in some 200 buildings housing 279,000 Federal employees are potential beneficiaries.

DEPARTMENT OF JUSTICE

- The FBI has made major strides in automating and improving the accuracy in fingerprinting. In 1981, 6.5 million fingerprints were processed with a 99.5 percent accuracy rate and an average processing time of 25.5 workdays. By 1988, 14.7 million fingerprints cards will be processed with a 99.5 percent accuracy rate and a one-day turnaround.

DEPARTMENT OF HEALTH & HUMAN SERVICES

- Contracting out to a private sector firm to investigate questionable unemployment insurance claims by individuals no longer employed by the Federal government has resulted in the denial of over \$650,000 in claims filed.

- During this Administration the Department has begun using private collection agencies to collect overdue debts. Since 1981 HHS has reduced the amount of delinquent debt owed to it by over \$500 million.

- Through an aggressive audit and review program, HHS has saved over \$900 million from FY 1984 to FY 1986. The Department's Inspector General has also achieved \$4.9 billion in cost savings through improvements in program efficiency, effectiveness, and integrity. Through the IRS refund offset program the Department has collected over \$1 million.

- The Social Security Administration has reduced the time it takes to issue Social Security cards from six weeks to ten days.